

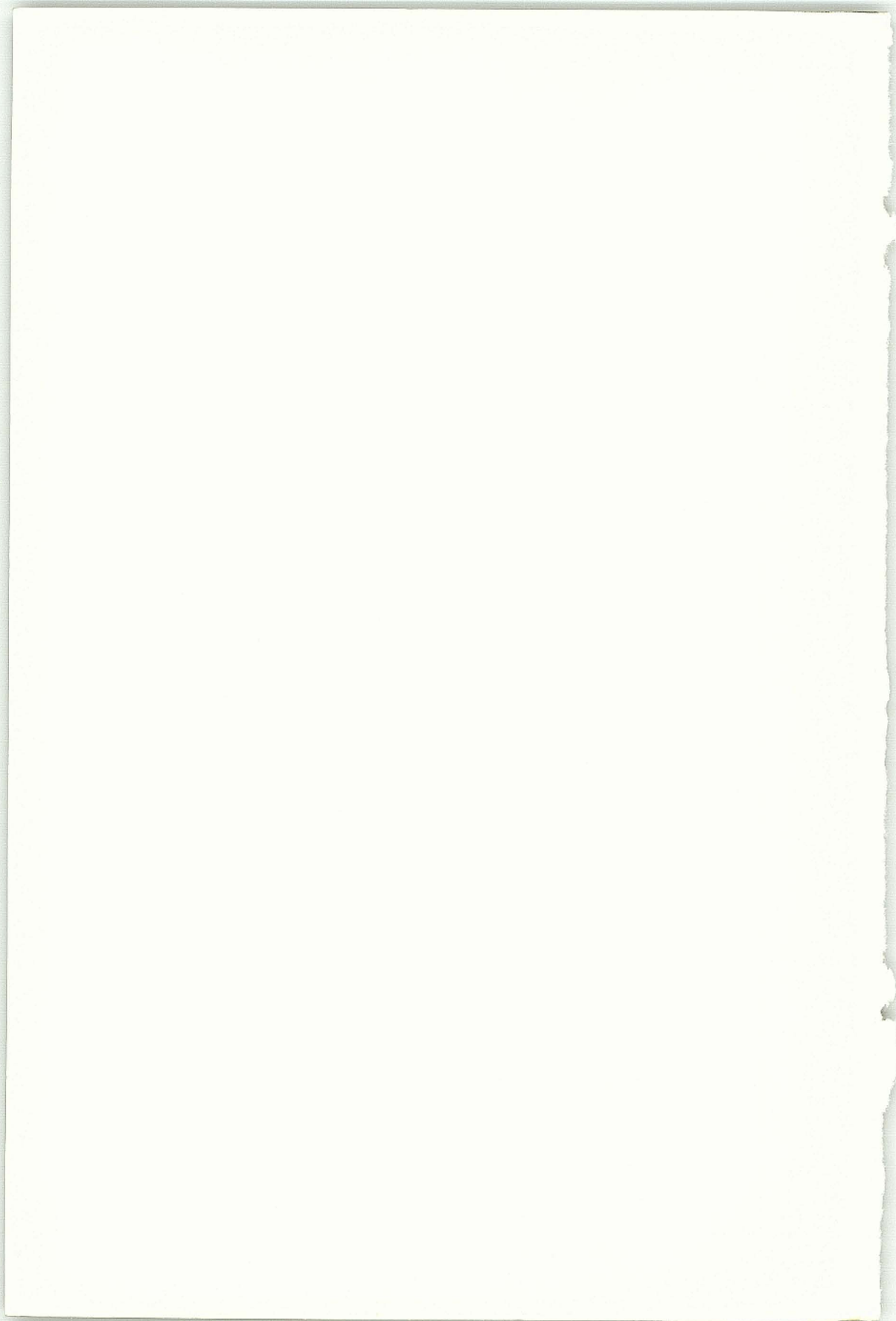
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The Coca-Cola Company

WILMINGTON, DELAWARE

1965

ANNUAL REPORT



THE COCA-COLA COMPANY
AND SUBSIDIARIES

ANNUAL REPORT

FOR THE YEAR **1965**

LETTER TO STOCKHOLDERS

March 10, 1966

In 1965 consolidated net profit, after reserves, taxes, and all other charges, was \$75,719,561 or \$2.66 a share compared with \$65,344,086 in 1964 or \$2.30 on a per share basis reflecting the two-for-one stock split in January 1965.

Sales of Coca-Cola, in the United States and around the world, increased over 1964. Fanta, Sprite, and Tab also posted gains. The addition in recent years of these soft drink flavors and the new product lines of citrus, coffee, and tea have contributed to the Company's annual earnings.

During 1965 the physical plant facilities of the Company and of its franchised bottlers, both in this country and abroad, were expanded and modernized.

At its meeting on March 7, the Board of Directors increased the quarterly dividend rate from $42\frac{1}{2}\%$ a share to $47\frac{1}{2}\%$ a share.

The consolidated balance sheet and statements of profit and loss and of earned surplus will be found in this report. A separate mailing will contain proxy forms and notice of the annual meeting of stockholders at 11:00 a.m., Eastern Daylight Time, on Monday, May 2, 1966, at the office of the Company, 100 West Tenth Street, Wilmington, Delaware.

For the Board of Directors


Chairman


President

THE COCA-COLA COMPANY AND SUBSIDIARIES

YEARS ENDED DECEMBER 31, 1965 AND 1964

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	<u>1965</u>	<u>1964</u>
Net sales	\$864,041,454	\$833,566,733
Cost of goods sold	<u>445,465,468</u>	<u>449,344,492</u>
GROSS PROFIT	\$418,575,986	\$384,222,241
Selling, administrative and general expenses	<u>261,560,274</u>	<u>237,139,488</u>
OPERATING PROFIT	\$157,015,712	\$147,082,753
Other income	<u>9,244,517</u>	<u>6,824,541</u>
	\$166,260,229	\$153,907,294
Less other deductions	<u>13,965,668</u>	<u>12,317,208</u>
PROFIT BEFORE TAXES ON INCOME	\$152,294,561	\$141,590,086
Provision for taxes on income	<u>76,575,000</u>	<u>76,246,000</u>
NET PROFIT	<u>\$ 75,719,561</u>	<u>\$ 65,344,086</u>

CONSOLIDATED STATEMENT OF EARNED SURPLUS

	<u>1965</u>	<u>1964</u>
Balance at January 1	\$275,053,203	\$252,085,933
Net profit for the year	<u>75,719,561</u>	<u>65,344,086</u>
	\$350,772,764	\$317,430,019
Dividends paid in cash (per share — 1965, \$1.70; 1964, \$1.50)	<u>48,401,535</u>	<u>42,376,816</u>
BALANCE AT DECEMBER 31	<u>\$302,371,229</u>	<u>\$275,053,203</u>

See Notes to Financial Statements

CONSOLIDATED

THE COCA-COLA COMPANY AND SUBSID

ASSETS

CURRENT:

	<u>1965</u>	<u>1964</u>
Cash	\$ 47,090,950	\$ 46,080,446
U. S. Government and other marketable securities — at cost (market price — 1965, \$68,604,802; 1964, \$61,531,282)	68,690,301	61,133,476
Trade accounts receivable (less allowance — 1965, \$1,045,423; 1964, \$1,042,972)	58,234,500	53,722,918
Inventories	105,782,585	114,960,296
Prepaid expenses	<u>8,208,499</u>	<u>8,069,961</u>
TOTAL CURRENT ASSETS	<u>\$288,006,835</u>	<u>\$283,967,097</u>

MISCELLANEOUS INVESTMENTS AND

OTHER ASSETS	<u>\$ 24,993,013</u>	<u>\$ 21,265,990</u>
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PROPERTY, PLANT AND EQUIPMENT:

At cost:

Land and improvements	\$ 34,138,176	\$ 32,445,731
Buildings	89,220,914	85,453,327
Machinery and equipment	194,149,824	165,132,224
Containers	<u>31,169,666</u>	<u>21,465,594</u>
	<u>\$348,678,580</u>	<u>\$304,496,876</u>
Less allowance for depreciation	<u>135,018,865</u>	<u>120,486,831</u>
	<u>\$213,659,715</u>	<u>\$184,010,045</u>

FORMULAE, TRADE-MARKS

AND GOODWILL — at cost	<u>\$ 45,179,699</u>	<u>\$ 45,208,117</u>
	<u><u>\$571,839,262</u></u>	<u><u>\$534,451,249</u></u>

See Notes to

BALANCE SHEET

LIABILITIES — DECEMBER 31, 1965 AND 1964

LIABILITIES

CURRENT:

	<u>1965</u>	<u>1964</u>
Notes payable	\$ 12,362,944	\$ 15,414,734
Current maturities of long-term debt.	571,364	1,740,191
Accounts payable and accrued accounts.	<u>65,444,609</u>	<u>61,985,007</u>
	<u>\$ 78,378,917</u>	<u>\$ 79,139,932</u>
Accrued taxes — including taxes on income	\$ 64,020,318	\$ 60,457,423
Less U. S. Government securities		
for payment of income taxes	<u>25,849,910</u>	<u>24,935,699</u>
	<u>\$ 38,170,408</u>	<u>\$ 35,521,724</u>
TOTAL CURRENT LIABILITIES.	<u>\$116,549,325</u>	<u>\$114,661,656</u>
LONG-TERM DEBT	<u>\$ 6,648,131</u>	<u>\$ 7,341,652</u>
RESERVE FOR UNREMITTED		
FOREIGN PROFITS.	<u>\$ 80,186,048</u>	<u>\$ 73,366,928</u>
CAPITAL STOCK AND SURPLUS:		
Common stock — no par value; authorized		
35,000,000 shares; (issued 1965,		
28,603,209 shares; 1964, 28,516,806 shares)	\$ 57,548,055	\$ 57,375,610
Capital surplus.	13,312,013	11,850,151
Earned surplus.	<u>302,371,229</u>	<u>275,053,203</u>
	<u>\$373,231,297</u>	<u>\$344,278,964</u>
Less shares of stock held in treasury — at cost		
(1965, 102,548 shares; 1964, 112,090 shares)	<u>4,775,539</u>	<u>5,197,951</u>
	<u>\$368,455,758</u>	<u>\$339,081,013</u>
	<u>\$571,839,262</u>	<u>\$534,451,249</u>

NOTES TO 1965 FINANCIAL STATEMENTS

1. Foreign Operations. The consolidated balance sheet includes the following amounts with respect to subsidiaries and branches operating in foreign countries: Current assets \$90,889,356 (including cash and securities totaling \$43,930,532); property, plant and equipment at depreciated cost, \$76,545,196; other assets, \$10,764,405; and liabilities, \$62,311,047. Property accounts have been converted at rates of exchange prevailing at dates of acquisition and all other assets and liabilities at approximate rates of exchange prevailing at December 31, 1965.

It is the established policy of the Company to include in consolidated net profit the entire net profit of the Canadian subsidiaries, but to include the net profit of other foreign subsidiaries only to the extent such profits have been remitted to the Company. Accordingly, the other deductions account includes a provision for unremitted foreign profits in the amount of \$6,819,120, representing foreign profits earned but not remitted in 1965.

2. Inventories are stated at the lower of cost (principally average or first-in, first-out method) or market except that inventories of certain major citrus concentrate products are stated at the lower of cost (last-in, first-out method) or market.

3. Long-Term Debt (exclusive of current maturities).

Mortgages, principally on grove properties at 5½%, payable in installments through 1982	\$2,548,131
Sinking Fund Debentures 5½%, payable in installments through January 1974	2,100,000
Subordinated Debentures 5½%, payable in installments through January 1976	2,000,000
	<u>\$6,648,131</u>

4. Capital Stock. On January 22, 1965, the authorized common stock was increased from 15,000,000 shares to 35,000,000 shares, and one additional share of common stock was issued to stockholders for each share held on that date. The issuance of these additional shares had no effect on the amount assigned to the capital stock account. The accompanying data for 1964 has been appropriately adjusted to reflect the stock split.

Options are held by officers and employees of the Company and its subsidiaries to purchase shares of the Company's common stock at prices ranging principally from \$19.6979 to \$81.4375 per share. Further information relating to the outstanding options is as follows: Options outstanding at January 1, 1965, 272,056 shares; options granted during the year, 9,000 shares; options exercised during the year, 96,270 shares; options cancelled during the year through death, retirement or resignation, 766 shares; options outstanding at December 31, 1965, 184,020 shares; options exercisable at December 31, 1965, 52,361 shares.

5. Depreciation. Provision for depreciation in the amount of \$23,003,584 was charged to manufacturing and other expenses.

ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS
THE COCA-COLA COMPANY
WILMINGTON, DELAWARE

We have examined the consolidated financial statements of The Coca-Cola Company and subsidiaries as of December 31, 1965. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of profit and loss and earned surplus present fairly the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1965, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernst & Ernst

*Atlanta, Georgia
February 28, 1966*

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